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## The STTR Program

The Small Business Technology Transfer (STTR) is another program that expands funding opportunities in the federal innovation research and development (R&D) arena. Central to the program is expansion of the public/private sector partnership to include the joint venture opportunities for small businesses and nonprofit research institutions. The unique feature of the STTR program is the requirement for the small business to formally collaborate with a research institution in Phase I and Phase II. STTR's most important role is to bridge the gap between performance of basic science and commercialization of resulting innovations.

## STTR Mission and Program Goals

The mission of the STTR program is to support scientific excellence and technological innovation through the investment of Federal research funds in critical American priorities to build a strong national economy.

The programs' goals are to:

- Stimulate technological innovation.
- Foster technology transfer through cooperative R&D between small businesses and research institutions.
- Increase private sector commercialization of innovations derived from federal R&D.

## STTR Participating Agencies

Each year, Federal agencies with extramural research and development (R&D) budgets that exceed \$1 billion are required to reserve 0.3% of the extramural research budget for STTR awards to small businesses. These agencies designate R&D topics and accept proposals. Currently, five agencies participate in the STTR program:

- [Department of Defense](#)
- [Department of Energy](#)
- [Department of Health and Human Services](#)
- [National Aeronautics and Space Administration](#)
- [National Science Foundation](#)

Each agency administers its own individual program within guidelines established by Congress. These agencies designate R&D topics in their solicitations and accept proposals from small businesses. Awards are made on a competitive basis after proposal evaluation.

### Three-Phase Program

The STTR Program is structured in three phases:

*Phase I.* The objective of Phase I is to establish the technical merit, feasibility, and commercial potential of the proposed R/R&D efforts and to determine the quality of performance of the small businesses prior to providing further Federal support in Phase II. STTR Phase I awards normally do not exceed \$150,000 total costs for 1 year.

*Phase II.* The objective of Phase II is to continue the R/R&D efforts initiated in Phase I. Funding is based on the results achieved in Phase I and the scientific and technical merit and commercial potential of the Phase II project proposed. Only Phase I awardees are eligible for a Phase II award. STTR Phase II awards normally do not exceed \$1,000,000 total costs for 2 years.

*Phase III.* The objective of Phase III, where appropriate, is for the small business to pursue commercialization objectives resulting from the Phase I/II R/R&D activities. The STTR program does not fund Phase III. In some Federal agencies, Phase III may involve follow-on non-STTR funded R&D or production contracts for products, processes or services intended for use by the U.S. Government.

### Competitive Opportunity for Small Business

STTR is a highly competitive program that reserves a percentage of federal R&D funding for awards to small businesses and United States nonprofit research institutions. Small business has long been where innovation and innovators thrive. But the risk and expense of conducting R&D can be beyond the means of many small businesses. Conversely, nonprofit research laboratories are instrumental in developing high-tech innovations. But frequently, innovation advances theory, rather than the development of innovative practical applications. STTR combines the strengths of both entities by introducing entrepreneurial skills to high-tech research efforts. The technologies and products are transferred from the laboratory to the marketplace. The small business profits from the commercialization, which, in turn, stimulates the U.S. economy.

### STTR Policy Directive

**Note:** The version of the STTR Policy Directive PDF below is dated February 24, 2014. It includes the amendments made on January 8, 2014 [79FR1309] as well as corrections to Appendix data tables made on February 24, 2014.

- [Download STTR Policy Directive](#)

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